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## GOVERNMENT OWNERSHIP THE ONLY SOLUTION

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**A**FTER having heard many diverse views on the railroad situation I realize more than ever the need for positive action with respect to our great transportation lines. It is the greatest problem now before the people of the Nation and will, I believe, become one of the leading, if not the central element in the national campaign soon to engage the attention of the country. We must approach this proposition in a definite way. It is a business matter, entirely understandable and absolutely within the compass of the universally recognized principles of commerce and trade. We are not dealing with a mysterious or even uncertain situation. Direct and positive action, taken by men whose training and business capacity fit them for such work, will solve the railroad problem to the advantage of the people of the United States by making the railroad the servant of the people, rather than subject the Government to the service of the agencies owning the railroads.

The time has arrived for us to correct the abuses, now and for some time manifest in the railroad service of the United States. The railroad system of to-day is approximately the collective result of all the work performed in this connection since the first railroad train was moved in this country. The men who formed these different branches of railroads now practically merged, in a physical sense, into one great railroad system, had but limited capital. Their energies made the present system possible and in eliminating many of these men from our railroad service unfair treatment was accorded them.

### *People's Interests Paramount*

We have the railroad system. Let us work now for the general welfare of the people of the Nation. The proposition is too big to be successfully handled by any group or groups of private capitalists. It is Nation-wide in scope, requirements and service, and no agency but the National Government itself can hope successfully to meet this railroad emergency and do justice to the people.

There are so many conditions associated with the railroad situation that one agency in which the people have absolute confidence must take charge. That agency is the Government. Take for instance two railroads entering New York—the Lackawanna and the Erie. The Lackawanna operates about 985 miles and the Erie operates 2,465 miles. It is fair to assume that there is two and one-half times the population tributary to the Erie and depending upon that road for service that there is to the Lackawanna. These people will in the very nature of things be the innocent sufferers of any evil results which may follow the manipulation of the affairs of either road.

You and I may be living in Elmira, N. Y. We may be building automobiles and want to sell our product to the people of Scranton or New York. We apply to the Interstate Commerce Commission for a rate and the first thing the members or agents of the Commission look at is the fixed charges of the company and then a reasonable return on the service rendered. Both roads parallel in the district I refer to. The construction cost is about the same, the equipment the same, but you will find in 1916 an interest charge against the Erie of \$4,699 a mile, and you will find an interest charge against the Lackawanna of but \$7 a mile.

#### *Cannot Compete*

How can the Erie, with its interest charges nearly 700 times as great as the Lackawanna's, meet the competition of the better financed road? Is there an agency in this country today which can solve this unfortunate railroad problem but the Government? I am giving you now a sample of railroad financial divergence which has duplicates in all parts of the country. It was contributory negligence on the part of the Government to allow these things to exist and have the railroads of the Nation made the plaything of a gambling Wall Street to the great prejudice of the business interests of the Nation and the people of the country generally.

You cannot reduce wages on the Erie sufficiently to meet Lackawanna competition; and materials and operating expenses on both roads must remain approximately at the same figure. Because of these conditions you put a charge on the shipper that forces him out of business and you penalize all the people. This condition must be met by Government ownership and proper regulation of rates and charges.

The interest of the people—the Government—are always paramount. When liquor men abused the rights conferred upon them by the government, licenses and privileges were revoked. The railroads violated their charter rights, inflated their capital and otherwise heaped fraudulent burdens upon the people and forced the Government to take them over. The Government is not taking this property without compensation, but these manipulators of railroad properties insist on having the valuation fixed at the amount of these inflated values or higher.

#### *Capitalization Comparisons*

We know that the Erie has a capitalization of \$182,240 a mile and the Lackawanna a capitalization of about \$42,000 a mile and the Great Northern about \$42,000 a mile. There is no establishment on earth able to handle such a widely diverging transportation problem but the Government.

The Government must handle this situation—readjust charges on an honest basis and wipe out useless and ruinous railroad competition. Where five railroads extend from Chicago to St. Louis two might do the work, with increased equipment, dividing that now in use by the additional three roads and the waste in superfluous management and other such charges eliminated. Under such conditions rates could be reduced and wages increased, allowing a fair return to every honest investor or making the Government returns with Federal ownership in effect entirely secure.

The Lehigh Valley parallels the Central Railroad of New Jersey from Wilkes-Barre to Bethlehem and then both roads use the Reading tracks to Philadelphia. We should eliminate two of these roads, divide the equipment and cut down unnecessary overhead charges. Agencies interested in this needless competition, bankers, money lenders, money gamblers, some lawyers and others, are the elements responsible for this condition. They made the railroads a means to improper ends to the prejudice of the people of the country. This manipulation and juggling of great transportation properties, with the business disturbance and cost to the people, was and is the great crime of this Nation and is responsible for much of the present industrial unrest and commercial instability.

Under the so-called Government control of railroad properties nothing has been more palpable than the efforts of those in charge of the roads to so befuddle the situation as to discredit Govern-

ment participation in this work. There is a persistent effort under way all of the time thus to force these roads back into private hands. The present is no sample of the kind of service which would follow Federal ownership. Competent men would be put in charge. We are a business people and can handle our railroads. In fact the same practical men who handled these roads for the private owners could do similar work for the people, but along more efficient lines, under Government ownership.

Government ownership of all public utilities is coming. Sinister agencies may through fraud, trickery and artifice delay it, but it is the logical way to handle our transportation problem and it will come.